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FCC/MELLON

June 13, 2002

JUN 13 2002

VIA COURIER

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
P.O. Box 358145
Pittsburgh, PA 15251-5145

Re: Application of WorldxChange Corp. and RSL COM U.S.A., Inc.
For Section 214 Authority - Domestic

Dear Ms. Dortch:

On behalf of WorldxChange Corp. ("WorldxChange") and RSL COM U.S.A., Inc. ("RSL," together with WorldxChange, the "Parties"), please find an original and six (6) copies of an application for Commission approval to transfer RSL's customer base and related assets to WorldxChange. Concurrent with this application, the Parties are also filing an application for Commission approval of the transfer of control with respect to RSL's international Section 214 authorizations.

Enclosed, please find a check in the amount of \$815.00 to cover the Commission's filing fee. Please date-stamp the enclosed extra copy of this filing and return it in the envelope provided. Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,



William B. Wilhelm, Jr.
Edward S. Quill, Jr.

Counsel for WorldxChange

Enclosure

cc: Eric Fishman (Holland & Knight)
David O'Connor (Holland & Knight)

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

Joint Application of)
)
)

WorldxChange Corp.)
)

and)
)

RSL COM U.S.A., Inc.)
)

Application for Authority Pursuant to)
Section 214 of the Communications Act of 1934,)
As Amended; to Transfer Assets and Customers)
of an Authorized U.S. International and Domestic)
Carrier)
)

WC 02-184

File No. ITC-T/C-2002-_____

APPLICATION

I. Introduction

A. Summary of the Transaction

WorldxChange Corp. ("WorldxChange") and RSL COM U.S.A., Inc. ("RSL") (together "Applicants"), by and through undersigned counsel and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 (1982) (the "Act"), and Section 63.18 of the Commission's Rules, 47 C.F.R. § 63.18 (2000) hereby request that the Commission grant authority to enable WorldxChange to acquire the assets of RSL identified in this Application, including RSL's long distance customer base and the assets associated with those operations ("Assets").¹ Since March 16, 2001, RSL has been operating in bankruptcy status under the

¹ Pursuant to the Commission's Order in *In re Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, CC Docket No. 01-150, ___ FCC Red ___,

protection of the Bankruptcy Court for the Southern District of New York.² As set forth in greater detail below, WorldxChange's indirect corporate parent Counsel Springwell Communications LLC ("Counsel Springwell") and RSL entered into an Asset Purchase Agreement ("Agreement") dated as of March 25, 2002. Subsequently, Counsel Springwell assigned its rights under the Agreement to WorldxChange as of April 25, 2002 and, accordingly, WorldxChange will acquire the RSL Assets.

B. Request for Expedited Consideration

The transaction proposed herein is necessary to ensure that RSL's current customers will continue to receive uninterrupted service. Applicants emphasize that following the completion of the proposed transaction, RSL's customers will continue to receive service under the same rates, terms and conditions as that service is currently being provided. However, given the current bankrupt status of RSL, the proposed transaction must be completed rapidly in order to minimize disruption to existing customers being served by RSL. Accordingly, Applicants respectfully request that the Commission approve this Application as expeditiously as possible in order to allow Applicants to consummate the proposed transaction on or about August 15, 2002.

C. Application Eligible for Streamlined Processing

Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Sections 63.03 and 63.12 of the Commission's Rules, 47 C.F.R. §§ 63.03 & 63.12. With respect to domestic authority, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the transaction, (1)

(2002), Applicants understand that asset transfers such as the one described herein are treated as transfers of control requiring approval under the Commission's rules.

² See RSL COM U.S.A., Inc., Case No. 01-11469-alg (S.D.N.Y. Filed Mar. 16, 2001) and RSL COM PrimeCall, Inc., Case No. 01-11457-alg (S.D.N.Y. Filed Mar. 16, 2001).

WorldxChange and its affiliates will hold less than a ten percent (10%) share of the interstate, interexchange market; (2) WorldxChange will provide local exchange service, if at all, only in areas served by dominant local exchange carriers (none of which are parties to the transaction) and; (3) none of the Applicants or their affiliates are dominant with respect to any service. With respect to international authorizations, WorldxChange is not a foreign carrier or affiliated with a foreign carrier, as that term defined Section 63.09 of the Commission's Rules, 47 C.F.R. § 63.09, and none of the other scenarios outlined in Section 63.12(c) of the Commission's Rules, 47 C.F.R. § 63.12, apply.

In support of this Application, Applicants provide the following information:

II. Description of the Applicants

A. WorldxChange Corp. ("WorldxChange")

WorldxChange is a corporation organized and existing under the laws of the State of Delaware with principal offices located at 9775 Business Park Avenue, San Diego, California 92131. WorldxChange is a wholly owned indirect subsidiary of I-Link Incorporated ("I-Link"), a publicly traded company organized under the laws of the State of Florida. I-Link is controlled by Counsel Springwell which holds a direct majority interest in I-Link and therefore, an indirect majority interest in WorldxChange. Counsel Springwell is, in turn, majority owned and controlled by Counsel Corporation ("Counsel"), a publicly traded Canadian corporation which specializes in investments, including communications companies.

B. RSL COM U.S.A., Inc. ("RSL")

RSL is a corporation organized and existing under the laws of the State of Delaware. RSL's principal place of business is located at 1001 Brinton Road, Pittsburgh, PA 15221. RSL currently provides a variety of regulated and unregulated telecommunications services, including long distance and frame relay data services, through the resale of the facilities of other carriers and RSL's own circuit and data switches.

III. Description of the Transaction

Through the proposed transaction ("Transaction"), WorldxChange proposes to acquire the long distance business of RSL. Specifically, the Assets to be acquired by WorldxChange include, among other things, most of the regulated communications assets associated with RSL's domestic telecommunications operations, including the telecommunications equipment and all of the long distance and international customers and customer accounts of RSL. Because WorldxChange already holds Section 214 authority, however, WorldxChange will not need to obtain additional operating authority to provide service RSL's customer base. As a result, WorldxChange is not seeking to acquire RSL's Section 214 authority in connection with this Application.

The contemplated Transaction will allow RSL's long distance operations to emerge from bankruptcy into WorldxChange and provide greater certainty to RSL's existing customers.³ In order to complete the Transaction and gain Bankruptcy Court approval, WorldxChange's corporate parent, Counsel Springwell, and RSL entered into an Asset Purchase Agreement as of March 25, 2002. Counsel Springwell is a holding company that does not provide telecommunications in any jurisdiction. As a result, Counsel Springwell has completed an assignment whereby through the proposed Transaction, the RSL regulated customers and telecommunications Assets will be

³ A chart illustrating the Transaction is attached to this filing.

assigned directly to Counsel Springwell's operating subsidiary, WorldxChange, which will assume the day to day management and operational responsibilities necessary to provide service to RSL's customers.

Although WorldxChange will replace RSL as the service provider for RSL's customers, WorldxChange will continue to provide service to RSL customers under the same rates, terms and conditions of services as currently provided by RSL.⁴ The Transaction will therefore be (other than the change in the name of their service provider) virtually transparent to customers because they will experience no change in the services they receive as a result of the transaction.⁵ By separate application, RSL will seek Commission authority, as necessary, to voluntarily surrender RSL's Section 214 authorization, effective upon consummation of the Transaction.

IV. Public Interest Considerations

Applicants respectfully submit that this Transaction serves the public interest. In particular, Applicants submit that (1) the Transaction will increase competition in the interstate long distance telecommunications market by reinforcing WorldxChange's status as a viable competitor and (2) the Transaction will minimize the disruption of service and be virtually transparent to remaining RSL customers.

The proposed Transaction is expected to invigorate competition. RSL's financial position at this stage effectively precludes it from becoming or remaining a viable competitor in the telecommunications market. As a practical matter, RSL is no longer able to effectively compete for new customers. As a result, the proposed transaction will not diminish competition. At the same

⁴ WorldxChange will make appropriate arrangements to ensure continuity of service to RSL's existing customers in compliance with applicable state and federal laws.

⁵ Applicants understand that in addition to this Application, Applicants must also comply with the Commission's requirements concerning carrier-to-carrier sale of subscriber bases set

time, the expansion of WorldxChange's customer base is expected to enhance WorldxChange's position in the interstate telecommunications market and permit WorldxChange to compete more effectively for long distance and international customers.

Existing RSL customers, in particular, will realize significant public interest benefits from the Transaction. In light of RSL's precarious financial position, the proposed Transaction will provide greater stability to RSL's customers and ensure that those customers can continue to enjoy high quality, affordable service without interruption. Moreover, given that WorldxChange proposes to provide service on the same rates, terms and conditions of services that RSL currently provides, Applicants expect the Transaction to be virtually transparent to customers (except for the change in name of the carrier from RSL to WorldxChange, about which RSL's customers will be notified).

Given that RSL's customer base is subject to continuing erosion and that RSL is unable to compete effectively as a result of its capital constraints and the uncertainty of its current financial position, Applicants seek to complete the proposed acquisition as quickly as possible. Rapid completion of the Transaction is a critical factor in order to avoid interruption of service or other inconvenience to affected RSL customers. Accordingly, Applicants respectfully request that the Commission expedite the processing of this Application and grant the requested authority to permit Applicants to consummate the transaction as soon as possible.

V. Information Required by Section 63.18

(a) Name, address and telephone number:

Transferor: RSL COM U.S.A., Inc.
1001 Brinton Road,
Pittsburgh, PA 15221
Tel: 800-266-2006

Transferee: WorldxChange Corp.

forth in Commission Rule 47 C.F.R. § 64.1120. Applicants will address such requirements by separate filing.

9775 Business Park Avenue
San Diego, California 92131
Tel: 800-569-8700

- (b) Transferor: RSL is a corporation organized under the laws of the State of Delaware.

Transferee: WorldxChange is a corporation organized under the laws of the State of Delaware.

- (c) Correspondence concerning this Application should be sent to:

William B. Wilhelm, Jr.
Edward S. Quill, Jr.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7500 (Tel)
(202) 424-7645 (Fax)

with a copy to:

Eric Fishman
David O'Connor
Holland & Knight LLP
2099 Pennsylvania Avenue, NW
Suite 100
Washington, DC 20006-6801
(202) 955-3000 (Tel)
(202) 955-5564 (Fax)

- (d) Transferor: RSL, formerly known as International Telecommunications Corporation, holds global authority to provide international switched services on a facilities-based and resold basis pursuant to Section 214 authority issued by the Commission in File Nos. ITC-96-362 (August 15, 1990); ITC-92-112 (June 8, 1992); ITC-93-332 (Dec. 29, 1993); ITC-95-568 (May 28, 1996); and ITC-95-394 (June 21, 1996).

Transferee: WorldxChange holds global authority to provide international switched services on a facilities-based and resold basis pursuant to Section 214 authority issued by the Commission in File No. ITC-214-20011010-00517 on November 19, 2001.

- (e)(3) By this Application, Applicants seek authority to transfer RSL's long distance operations, including its customer base, to WorldxChange.

- (f) Not applicable.
- (g) Not applicable.
- (h) Information concerning the ten percent (10%) or greater shareholders of transferee is as follows:

The following entity owns 100% of **WorldxChange Corp.:**

Name: CPT-1 Holdings Corp.
Address: c/o WorldxChange Corp.
9775 Business Park Avenue
San Diego, California 92131
Citizenship: USA
Percentage Owned: 100%
Principal Business: Telecommunications

The following entity owns 100% of **CPT-1 Holdings Corp.:**

Name: Webtotel, Inc.
Address: c/o I-Link Incorporated
13751 S. Wadsworth Park Drive
Draper, Utah 84020
Citizenship: USA
Percentage Owned: 100%
Principal Business: Telecommunications

The following entity owns 100% of **Webtotel, Inc.:**

Name: I-Link, Incorporated
Address: 13751 S. Wadsworth Park Drive
Draper, Utah 84020
Citizenship: USA
Percentage Owned: 100%
Principal Business: Telecommunications

The following entity owns more than 10% of **I-Link, Incorporated** (no other entity holds more than a 10% interest):

Name: Counsel Springwell Communications LLC
Address: One Landmark Square
Stamford, Connecticut 06901
Citizenship: USA
Percentage Owned: 68%
Principal Business: Telecommunications

The following entity owns more than 10% of **Counsel Springwell Communications LLC** (no other entity holds more than a 10% interest):

Name: Counsel, LLC
Address: c/o Counsel Corporation (US)
280 Park Avenue
New York, New York 10017
Citizenship: USA
Percentage Owned: 88%
Principal Business: Holding Company

The following entities own more than 10% of **Counsel, LLC**:

Name: Counsel Capital Corporation
Address: c/o Counsel Corporation
130 King Street
Suite 1300
Toronto, Ontario
Canada M5X 183
Citizenship: Canada
Percentage Owned: 89%
Principal Business: Holding Company

Name: Counsel Corporation
Address: 130 King Street
Suite 1300
Toronto, Ontario
Canada M5X 183
Citizenship: Canada
Percentage Owned: 11%
Principal Business: Telecommunications

The following entity owns 100% of **Counsel Capital Corporation**:

Name: Counsel Corporation
Address: 130 King Street
Suite 1300
Toronto, Ontario
Canada M5X 183
Citizenship: Canada
Percentage Owned: 100%
Principal Business: Holding Company

The following entity owns greater than 10% of **Counsel Corporation**:

Name: Allan Silber
Address: c/o Counsel Corporation
130 King Street
Suite 1300
Toronto, Ontario
Canada M5X 1R3
Citizenship: Canada
Percentage Owned: 19%
Principal Business: Individual

No other entity holds, or after the transaction will hold a 10% or greater direct or indirect interest in WorldxChange.

WorldxChange currently has no interlocking directorates with a foreign carrier.

- (i) WorldxChange certifies that it is not a foreign carrier and that it is not currently affiliated with any foreign carrier.
- (j) WorldxChange certifies that it does not seek to provide international telecommunications services to any destination country where:
 - (1) WorldxChange is a foreign carrier in that country; or
 - (2) WorldxChange controls a foreign carrier in that country; or
 - (3) Any entity that owns more than 25 percent of WorldxChange, or that controls WorldxChange, controls a foreign carrier in that country.
 - (4) Two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate more than 25 percent of WorldxChange and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing of international basic telecommunications services in the United States.
- (k) Not applicable.
- (l) Not applicable.
- (m) Not applicable.
- (n) WorldxChange certifies that it has not agreed to accept special concessions, as defined in Section 63.14(b) of the Commission's Rules, directly or indirectly, from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route, and will not enter into such agreements in the future.
- (o) WorldxChange certifies, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C.

§ 3301), that it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

- (p) Applicants request streamlined processing of this Application pursuant to Sections 63.03(b)(2)(i) and 63.12(a)-(b) of the Commission's Rules. This Application qualifies for streamlined processing because, as set forth above, following the transaction, WorldxChange and its affiliates will hold less than a ten percent (10%) share of the interstate, interexchange market and none of the Applicants or their affiliates are dominant with respect to any service. Furthermore, WorldxChange has no affiliation with a foreign carrier, has no affiliation with a dominant U.S. carrier whose international switched or private line services WorldxChange seeks authority to resell, and does not seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of such services.

VI. Information Required by Section 63.03(a)

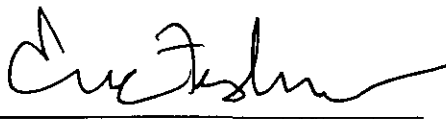
- (1) The names, addresses and telephone numbers of Applicants are set forth in item V.(a) above.
- (2) Jurisdiction of organization for each of the Applicants is set forth in item V. (b) above.
- (3) Points of contact for this Application are set forth in item V.(c) above.
- (4) Information concerning 10% or greater shareholders is provided in item V.(h) above.
- (5) Applicants' certification is provided in item V.(o) above.
- (6) A description of the transaction is set forth in Section III above.
- (7) WorldxChange and RSL each offer interstate long distance on a nationwide basis. In addition, RSL provides competitive local exchange service in New York. However, given that RSL current operates under bankruptcy protection, RSL effectively does not compete for new customers in any jurisdiction.
- (8) This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because following the transaction, WorldxChange and its affiliates will hold less than a ten percent (10%) share of the interstate, interexchange market and none of the Applicants or their affiliates are dominant with respect to any service.
- (9) By separate filing, Applicants will address the Commission's requirements concerning carrier-to-carrier sale of subscriber bases set forth in Commission Rule 47 C.F.R. § 64.1120.

- (10) As noted previously, through the proposed Transaction, WorldxChange proposes to acquire the long distance operations of RSL, a company that is currently in bankruptcy. Applicants request expeditious processing of this Application to permit the proposed Transaction to be completed as rapidly as possible.
- (11) By separate filing, Applicants will address the Commission's requirements concerning carrier-to-carrier sale of subscriber bases set forth in Commission Rule 47 C.F.R. § 64.1120.
- (12) A statement showing how grant of the application will serve the public interest, convenience and necessity is provided in Section IV above.

VII. Conclusion

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application. In light of the exigent circumstances and, in particular the need to ensure continuity of service to existing customers, Applicants respectfully request expedited treatment to permit Applicants to consummate the Transaction as soon as possible.

Respectfully submitted,

By: 

Eric Fishman
David O'Connor
Holland & Knight LLP
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By: 

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COUNSEL FOR RSL

COUNSEL FOR WORLDXCHANGE

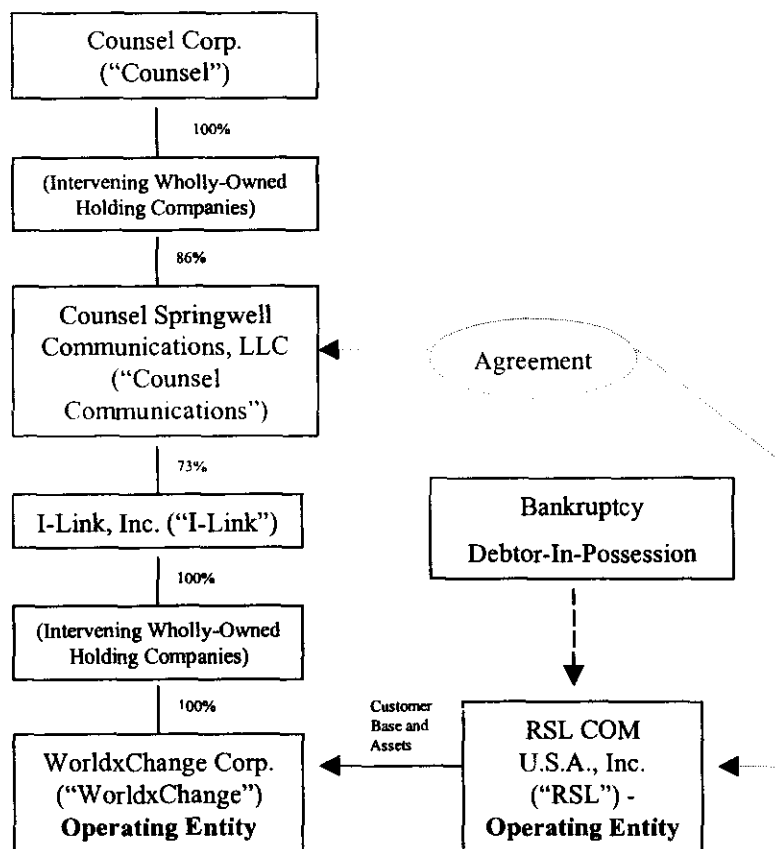
Dated: June 13, 2002

Exhibit A

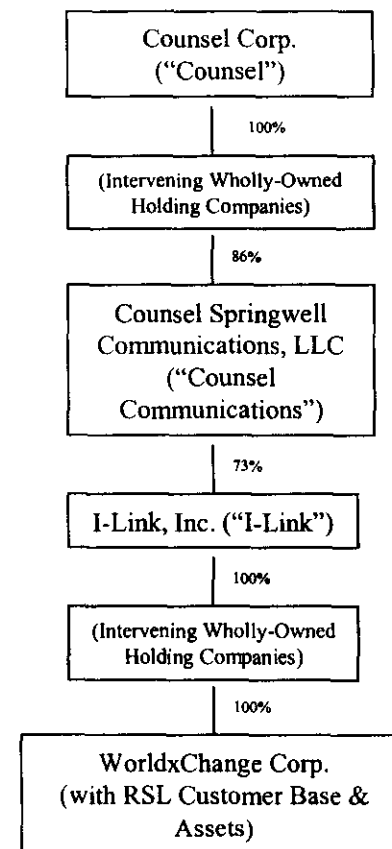
Illustrative Chart

Exhibit A: Illustrative Chart of WorldxChange/RSL Transaction

Pre-Transaction



Post-Transaction



Verifications

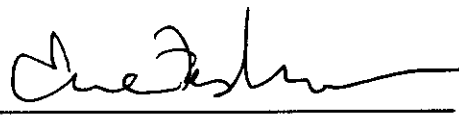
404140v1

CERTIFICATION OF APPLICANT

On behalf of RSL COM U.S.A., Inc., I hereby certify under penalty of perjury that the statements in the foregoing Application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

RSL COM U.S.A., INC.

By:



Name:

Eric Fishman

Title:

Assistant Secretary

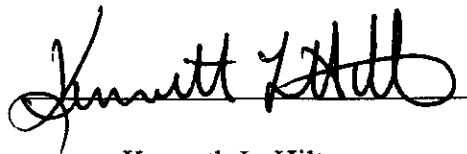
Date:

CERTIFICATION OF APPLICANT

On behalf of WorldxChange Corp., I hereby certify that the statements in the foregoing Application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

WORLDXCHANGE CORP.

By:



Name:

Kenneth L. Hilton

Title:

Chief Executive Officer

Date:

6/4/02

FCC filing